

To prevent frauds, general insurers keen to use Aadhaar for KYC of policyholders

SURABHI

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General insurance companies want to use the Aadhaar data of policyholders to build a KYC registry and track claims data to prevent fraud.

Pointing out that they are the only industry that does not do KYC of customers, general insurers have asked the Insurance Regulatory and Development Authority of India (IRDAI) to allow them to use Aadhaar.

They are keen on building a CIBIL-like registry of claims to detect frauds and decide

on the pricing for customers in segments such as health and motor insurance, based on the trends in their claims.

Sources said the issue was discussed by the general insurers with IRDAI Chairman Subhash Chandra Khuntia on the sidelines of the CII Insurance and Pensions Summit.

At present, identity proof, or KYC of a policyholder, is only required at the time of claim settlement in the general insurance industry but not at the time of buying a policy.

"When every financial

product, be it life insurance or mutual fund requires KYC, then why is it not required for general insurance?"

"KYC at the time of claim settlement only takes care of 30 per cent of all insurance sold," said Roopam Asthana, CEO and Whole-Time Director, Liberty General Insurance.

But if a person owns three cars, with insurance from three different companies, there is no way for any of the insurers to know his claims trend for the other vehicles he owns. Most general in-

surers are understood to be on board with the proposal, and are understood to be willing to share the data as well.

It can either be done with a credit bureau like CIBIL, or with the Insurance Information Bureau of the IRDAI.

The IRDAI is likely to take a decision after discussion with the Ministry of Finance on the issue.

General insurers contend that using Aadhaar as KYC will be possible with the passage of the Aadhaar and Other Laws (Amendment) Bill, 2019 by Parliament.